

## **Executive Summary Report**

**Appraisal Date 1/1/06 - 2006 Assessment Roll**

**Specialty Name:** Major Office Buildings

**Previous Physical Inspection:** April/May/June 2006

### **Sales - Improved Summary:**

Number of Sales: 34

Range of Sale Dates: 6/02/03 to 4/12/06

### **Sales – Ratio Study Summary:**

	Average AV	Average Sale Price	Ratio	COV *
2005 Value	\$ 52,451,500	\$ 74,760,100	70.2%	30.40%
2006 Value	\$ 65,911,500	\$ 74,760,100	88.2%	14.55%
Change	\$ 13,460,000		+ 18.0%	-15.85%
%Change	+ 25.7%		+ 25.6%	+52.1%

\*COV is a measure of uniformity, the lower the number the better the uniformity.

Sales used in Analysis: All improved sales that were verified as good that included land, and were not leased back to the seller, and have not been remodeled or segregated or merged since being purchased, were included in the analysis.

The Ratio Study Summary indicates a weighted mean ratio slightly below IAAO recommended standards. This is due to the impact of some leased fee sales exceeding fee simple interests. All other performance measures are within IAAO guidelines with the exception of the Price-related Differential which stayed the same.

### **Population - Average Improved Parcel Summary Data:**

	Land	Imps	Total
2005 Value:	\$4,926,945	\$28,026,119	\$32,953,064
2006 Value:	\$5,869,944	\$33,302,609	\$39,172,553
Percent Change:	+ 19.14%	+ 18.83 %	+ 18.87 %

2005 Total Assessed Value: \$8,370,078,273

2006 Total Assessed Value: \$9,949,825,519

Number of Improved Parcels in the Ratio Study Population: 198

## **Conclusion and Recommendation:**

The values recommended in this report improve values and achieve better uniformity, therefore it is recommended that they should be posted for the 2006 Assessment Year.

## **Analysis Process**

### ***Highest and Best Use Analysis***

**As if vacant:** Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as commercial use. Any opinion not consistent with this is specifically noted in the records and considered in the valuation of the specific parcel

**As if improved:** Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. The current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a token value of \$1,000 is assigned to the improvements.

**Standards and Measurement of Data Accuracy:** Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary via field inspection.

### ***Special Assumptions, Departures and Limiting Conditions***

All three approaches to value were considered in this analysis.

The following Departmental guidelines were considered and adhered to:

- ✚ No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of a minimum of three years of market information without adjustment for time averaged any net changes over that time period.
- ✚ This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

## Identification of the Area

### **Name or Designation: Specialty Area 280: Major Office Buildings**

This report contains data pertinent to the revalue of major office buildings (100,000 square feet of net rentable area and above). Net rentable area as utilized here is typically described as gross building area less vertical penetrations. The office specialty properties are found throughout the County, with significant concentrations located in Downtown Seattle and Downtown Bellevue. Additionally, larger suburban office buildings are found in many jurisdictions of the County. All major office specialty properties were revalued this year. Included in the addendum of this report is a list of the parcels physically inspected for the 2006 assessment year.

### **Boundaries:**

All of King County

### **Maps:**

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

### **Area Description:**

For purposes of the 2006 revaluation of the office-building specialty, the population has been segmented into six regions. These regions are generally described by their geographic location with the exception of one, which is described by its primary use. The following is a brief description of each of these market segments.

#### North

This region represents a small portion of the total specialty population and includes buildings located as far north as the City of Bothell and as far south as the University District. It also includes one office building on Capital Hill. The largest concentrations of buildings in this segment are located in the Northgate and University Districts. Safeco Corporation recently announced that they will sell their University District properties and relocate to the Seattle CBD.

#### Seattle Central Business District (Seattle CBD)

The office specialty is predominately comprised of properties located in this region. Approximately 45% of the office specialty population is located here. The Seattle CBD geographic boundaries are loosely described for purposes of this analysis as extending from Lower Queen Anne on the north to the Safeco Field on the south, from Puget Sound on the west to Interstate 5 on the east. On-going new construction includes the 42-story Washington

Mutual Center, which will add 900,000 square feet of office space to the CBD. It is expected to be completed in the later half of 2006. Recently completed in the South Lake Union sub-market is Alley 24, a mixed use project with 185,000 square feet of office. Also in the same sub-market, construction has begun on a 323,000 square foot office building that will be the new headquarters for Group Health.

#### Bellevue Central Business District (Bellevue CBD)

This region, while comprised of a smaller number of properties, is considered to be the second most significant area of the office specialty regions. It is comprised of mid and high-rise office buildings in the Bellevue CBD as well as two larger Mercer Island buildings. Recently completed is the renovation of the former Qwest Building into the new Bellevue City Hall.

Currently under construction in the Lincoln Square mixed use project is the office tower component with 540,000 square feet of office space. It is projected to be complete by mid-2007. Four other projects have been announced or are underway. They include The Summit III with 332,000 square feet, The Bravern I and II with 248,000 and 497,000 square feet, Tower 333 with 400,000 square feet, and Equity Office Properties' City Center Plaza with 572,000 square feet.

#### Suburban Eastside

This region includes properties outside of the Bellevue CBD, on the East Side of Lake Washington. This analysis considers properties from the I-90 corridor, Kirkland, Redmond, Issaquah and Suburban Bellevue to comprise the Suburban Eastside. At present, while this region has a large geographic expanse, it is somewhat small in number of large office buildings; however continued growth patterns indicate the potential for an increase in the future. Schnitzer Northwest has announced plans to build 500,000 square feet of office at its I-90 Eastgate project.

#### Southend

Properties located within the South Seattle, Renton, Tukwila, Kent, SeaTac, Auburn and Federal Way areas generally describe this region. Weyerhaeuser is the predominant property owner in the Federal Way area. Recent new construction includes the U.S. Department of Homeland Security Building in Tukwila. This mid-rise building was completed in 2004 and has a rentable area of 132,900 square feet. Renovation of the Landmark West Office Building in Renton was completed in 2005. It has a rentable area of 134,145 square feet.

#### Medical Office Buildings

These are analyzed independent of the remainder of the specialty as medical/dental office buildings. They typically have a significantly different construction cost and income and expense profile. The properties in this category are generally located on First Hill, the University District, Northgate and Downtown Seattle. Renovation of James Tower portion of the Swedish/Providence Hospital was recently completed. The greater portion of this property is

medical office and it has been added to the office specialty for 2006. It has a rentable area of 307,500 square feet.

## **Puget Sound Economic Conditions**

In 2005 the regional economy followed the national economy showing solid economic and employment growth. The Seattle region was a leader in job growth with 55,400 payroll jobs gained, lagging only Washington D.C., Phoenix, and Las Vegas.<sup>1</sup> The job growth was nearly twice the national average. In 2006 overall employment in the Seattle Metro area is expected to increase by 3% with office job growth forecast to increase by 4.1 % or 15,000 jobs.<sup>2</sup>

Locally, Boeing had a stellar year with a near record number of commercial airline orders. Microsoft expects to add 12,000 new jobs over the next three years. It is estimated that every new Microsoft job adds 3.4 jobs in the rest of the local economy.<sup>3</sup> These factors plus the steady growth in the information and financial sectors is creating a strong demand for office space throughout the regional office market.

According to Cushman & Wakefield's Greater Puget Sound Statistical Summary the year-end office overall vacancy for the region was 12.3% at the end of 2005, down from 15.2 % at the end of 2004 (this includes class A, B, and C buildings in all sub-markets). The positive net absorption for the year was 2,446,506 square feet as compared to 1,247,093 square feet in 2004. Class A office space had a positive absorption of 2,065,044 square feet as compared to 938,279 square feet at the end of 2004. The strongest performing sub-markets for Class A space was the Bellevue CBD, Eastside Suburban, and the Seattle CBD. Class A office in Downtown Seattle had a positive absorption of 988,664 square feet as compared to only 9,450 square feet at the end of 2004.

While the South End (King County) Class A office market had high vacancy, it also had a positive absorption for 2005 of 559,716 square feet as compared with the negative absorption of 204,236 square feet at the end of 2004. All of the submarkets in the South End had positive absorption with the exception of Kent/Auburn which had a slight negative absorption.

Class B office in the Puget Sound Region had positive absorption of 306,755 square feet. Most of the Class B buildings in the office specialty are located in the Seattle CBD and Downtown sub-markets. All of these sub-markets had positive absorption in 2005.

By year's end 2005, the Seattle Office market appears to be solidly in the recovery cycle. Direct average Class A rental rates are estimated to have increased by close to 5% in most of the Seattle CBD submarkets. Indications are that fewer concessions such as free rent are being offered by landlords. Downtown view space in A+ offices are estimated to be around 2.5% - 3

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<sup>1</sup> Economy.com

<sup>2</sup> Marcus & Millichap, 2006 Annual Report - Seattle

<sup>3</sup> CBRE, Puget Sound Office-Market View, 1<sup>st</sup> Qtr 2006

% and large tenants searching for contiguous space in Class A high-rises have fewer options.<sup>4</sup> Earlier speculation that the soon to be completed Washington Mutual Office Tower would undermine the Seattle office market's recovery appears to have become a non issue, particularly with Safeco Corporation's announced relocation of its headquarters from the University District to the Seattle CBD. This move should have a positive impact on rental and vacancy rates in the Seattle office market.

The Bellevue CBD and the Eastside Suburban continues to be in an accelerating or expansion market with asking rents rising substantially throughout the submarkets. According to Officespace.com, average full service asking rental rates for Class A+ office space in the Bellevue CBD increased to \$28.89 per square foot at the end of 2005 compared to \$26.77 per square foot at the end of 2004. The lower tier of Class A offices saw asking lease rates increase to \$23.60 per square foot from \$21.68 per square foot at the end of 2004. The 1-90 office sub-market full service asking rate increased more moderately from \$22.71 per square foot at the end of 2004 to \$23.63 per square foot at the end of 2005.<sup>5</sup>

While the South County office market appears to finally be in a recovery cycle with direct vacancy still high, there have been moderate decreases in vacancy in most submarkets and moderate increases in asking lease rates.

### ***Preliminary Ratio Analysis***

The inclusion of the Ratio Study Summary is done for administrative consistency. Because of guidelines, and the diversity of the office building types and submarkets the assessor has used sales from June 2003 through April 2006. These sales have all occurred after the economic downturn of 2001. The fact that some of the sales have had higher leases in place than current market rates, results in a final ratio study that may not be considered an entirely reliable analysis of recommended assessed values as compared with market sales. Recommended assessed values are based on market conditions as of January 1, 2006.

The Preliminary Ratio Study was completed just prior to the application of the 2006 recommended values. This study benchmarks the current assessment level using 2005 posted values. The study was also repeated after application of the 2006 recommended values. The results are included in the validation section of this report, showing a change in the level of assessment from 70.2% to 88.2%, the Coefficient of Dispersion (C.O.D.) from 27.14% to 10.93%, the Coefficient of Variation (C.O.V.) from 30.40% to 14.55%. The Price-related Differential of 1.05 did not change.

### **Scope of Data**

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<sup>4</sup> CBRE Market View Seattle, 4<sup>th</sup> Qtr. 2005

<sup>5</sup> Officespace.com, historical office market statistics

### **Land Value Data:**

The geographic appraiser in the area in which the specialty office property is located is responsible for the land value used by the office specialty appraiser. See appropriate area reports for land valuation discussion.

### **Improved Parcel Total Value Data:**

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales are verified, if possible, by calling either the purchaser or seller, inquiring in the field, or calling the real estate agent. Characteristic data is verified for all sales, if possible. Due to time constraints, interior inspections were limited. Sales are listed in the “Sales Used” and “Sales Not Used” sections of this report.

### **Improved Parcel Total Values:**

### **Sales comparison approach model description**

The population of office building sales in King County utilized in the analysis for the current revalue was segmented into six market segments. The segmentation was based primarily on the geographic boundaries previously described. In the event a segment lacked adequate sales representation, similarities in other segments were considered and judgment applied in determining market comparability.

In 2005 the Seattle metropolitan area office market has had a record high number of sale transactions, with sales volume and average price paid per square foot reaching record highs. In 2005 there were 27 transactions with closing prices greater than \$5 million. The office sales volume for 2005 was \$1.13 billion. This compares to \$766 million in 2004, \$261 million in 2003, and only \$86 million in 2002.<sup>6</sup> The strong market trends have continued in early 2006. With less of the top-tier office buildings available in premium locations in Seattle and Bellevue, the investment market is also acquiring average quality Class A, and older Class B properties that typically have been renovated.

Office space in the Seattle metropolitan area has been attractive to institutional investors because of its location as a coastal “24-hour” city that is solidly in a recovery phase with improving market fundamentals. Also affecting the market is the low level of new construction with limited projects in the pipeline in Seattle, and most of the planned construction in Bellevue

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<sup>6</sup> Puget Sound Business Journal, “Seattle hits trifecta for commercial sales in 2005” Reynolds Hass – Senior VP of Colliers International Seattle, February 13, 2006

two years away from completion. The continuing rise of construction cost has meant that most investors find it less expensive to buy than to build. These factors plus the continued attraction of real estate over other investment alternatives have resulted in a very competitive buyer's market and the continuing decline of capitalization rates in 2005.

Of the sales that have occurred in 2005 and this year, some were in a "better than typical" financial state. Civica Office Commons in the Bellevue CBD was one of these properties. For example, it is reported that Civica built in 2000, had an average lease rate in place, in the \$39/SF full service range, 0% vacancy, and lease terms of mostly 7 to 10 years extending beyond what most consider the "recovery years". Current market rents for similar buildings in the Eastside are in the \$25 to \$30/SF full service range. This sale is an example of the leased fee value differing significantly from the fee simple value due to the difference between contract rents and current market rents.

### **Sales comparison calibration**

Market sales of office specialty properties that occurred during the period from 6/02/03 to 4/12/06 are considered in the analysis. Other market sales of office buildings that were smaller than the office specialty threshold of 100,000 square feet net rentable, were sometimes included in the analysis but not the ratio study (See list of Improvement Sales Used) when the sales were limited for a building type or submarket.

Even with the high sale activity in 2005 and early 2006, it is felt that there are not enough sales of different office types in the various submarkets to rely entirely on the market approach to value. Also, when a sale is confirmed it is not always possible to determine the in-place rents in order to determine how they compare with current market rates. While the Sales Comparison Approach is given considerable weight, in the final reconciliation of value it is given less weight than the Income Approach.

### ***Cost approach model description***

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. Because of the difficulty in accurately determining the depreciation of older office properties, and the rapidly accelerating land values and construction cost in the current market, this approach to value was given the least weight in the final reconciliation of values.

### **Cost calibration**

The Marshall & Swift cost-modeling system built into the Real Property Application is calibrated to this region and the Seattle area.



### ***Income capitalization approach model description***

A direct capitalization income approach estimate was calculated for all properties within the specialty. Due to the significance of the parking income contribution in the Seattle and Bellevue CBD's, and the fact that these parcels comprise the majority of the properties within the specialty, parking income was a necessary component of the direct capitalization process. The inability of the income table program to recognize parking stalls as an income generator prohibited the use of income tables in the revaluation of the office specialty. Therefore, no tables were created. Instead three direct capitalization workbooks were created showing each property's income value estimate.

### **Income approach calibration**

The models were calibrated after setting base rents by considering adjustments based on location, size, effective age, construction class and quality. Appraisal judgment was employed in adjusting for differences between individual buildings based on their perceived investment competitiveness in their respective markets. Location, effective age, construction class, quality and size as recorded in the Assessor's records were items considered to be of primary importance in determining a property's investment competitiveness and placement in the appropriate base rent category.

Within each of the six market segments, income parameters were established for economic rent, vacancy and credit loss, expenses, and capitalization rates for various groupings of properties based on their investment competitiveness. Rent, expense and overall capitalization rate data was collected on sold properties when available. This data was then considered along with surveys conducted by outside resources along with information gathered from properties available for lease and sale and utilized to establish general guidelines for neighborhood groupings. A rent survey was conducted to ascertain the income parameters typically reflected in the current office lease market. The information gathered is considered to be indicative of the current office-leasing environment and in most instances, the data reported is based on deals that have been made and are in place or will be in the near future.

According to the CB Richard Ellis Fourth Quarter 2005, Puget Sound Office Market Report vacancy rates, full service asking lease rates and operating expenses reported by brokers for Class A, B and C properties (includes all multi-tenant office buildings 10,000 square feet and greater in size) located in the Canal, Central Business District, Denny Regrade, Lake Union, Lower Queen Anne, Pioneer Square and Waterfront market areas indicate the following:

<b>Submarket</b>	<b>Vacancy Rate: Class A w/sub-lease</b>	<b>Vacancy Rate: Class B w/sub-lease</b>	<b>Vacancy Rate: Class C w/sub-lease</b>	<b>Overall Vacancy Rate Including sub-lease</b>	<b>Overall Vacancy Rate: w/o sub-lease <u>Direct Vacancy*</u></b>
Canal	5.18%	6.18%	0%	5.33%	4.02%
CBD	13.36%	11.99%	16.26%	13.24%	9.03%
Denny Regrade	16.77%	20.16%	15.28%	17.32%	14.65%
Lake Union	14.80%	8.26%	2.28%	13.26%	9.84%
Lower Queen Anne	15.16%	16.88%	16.59	15.57%	13.05%
Pioneer Square	9.38%	18.02%	10.11%	12.59%	10.47%
Waterfront	15.04%	37.91%	14.64%	18.11%	13.82%

\* A direct vacancy rate as opposed to an overall vacancy rate (includes sublease space available) is used in the revaluation analyses

<b>Seattle</b>	<b><u>Full Service Lease Rates(Asking rates)</u></b>			<b><u>Operating Expenses *</u></b>		
<b>Market Area</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>
Canal	\$18-\$24	\$15-\$20	\$12-\$18	\$6.50-\$8.00	\$6-\$7.25	\$4.50-\$6.50
Seattle CBD	\$24-\$36	\$20-\$26	\$16-\$22	\$9.50-\$11.50	\$6.00-\$9.00	\$5.00-\$7.00
Denny Regrade	\$18-\$25	\$15-\$23	\$12-\$18	\$7.50-\$9.50	\$6.00-\$8.50	\$5.50-\$7.00
Lake Union	\$20-\$28	\$17-\$23	\$15-\$18	\$8.00-\$9.50	\$6.25-\$8.25	\$5.50-\$6.50
Lower Queen Anne	\$20-\$26	\$15-\$22	\$10-\$18	\$7.00-\$9.00	\$6.00-\$7.25	N/A
Pioneer Square	\$18-\$26	\$16-\$20	\$10-\$18	\$7.50-\$8.50	\$6.00-\$7.75	\$4.00-\$6.50
Waterfront	\$20-\$28	\$17-\$23	\$14-\$20	\$7.50-\$9.50	\$6.25-\$8.25	\$5.50-\$6.50
<b>Seattle Downtown</b>	<b>\$18-\$36</b>	<b>\$15-\$26</b>	<b>\$10-\$22</b>	<b>\$6.50-\$11.50</b>	<b>\$6.00-\$9.00</b>	<b>\$4.00-\$7.00</b>

\* Operating expenses include property taxes, but do not include leasing commissions or tenant improvements

According to the CB Richard Ellis Fourth Quarter 2005, Puget Sound Office Market Report, vacancy rates, full service asking lease rates and operating expenses reported by brokers for Class A, B and C properties (includes all multi-tenant office buildings 10,000 square feet and greater in size) located in the Bellevue CBD, I-405, SR-520, I-90, Bel-Red Corridor, Kirkland, Redmond market areas indicate the following:

<b>Bellevue &amp; Eastside Submarkets</b>	<b>Vacancy Rate: Class A w/sub-lease</b>	<b>Vacancy Rate: Class B w/sub-lease</b>	<b>Vacancy Rate: Class C w/sub-lease</b>	<b>Overall Vacancy Rate: Including sub-lease</b>	<b>Overall Vacancy Rate: w/o sub-lease <u>Direct Vacancy*</u></b>
CBD	9.48%	4.64%	0.00%	9.12%	7.38%
I-405	14.66%	8.27%	3.21%	12.96%	11.72%
SR-520	11.17%	9.39%	12.97%	10.99%	9.67%
I-90	6.55%	8.47%	--	6.72%	5.70%
Bel-Red-Road Corridor	12.43%	9.65%	8.02%	9.76%	9.76%
Kirkland	4.22%	5.33%	3.03%	4.35%	4.08%
Redmond	11.51%	7.23%	--	10.79%	6.88%
Eastside (overall)	<b>9.94%</b>	<b>8.18%</b>	<b>10.39%</b>	<b>9.65%</b>	<b>8.04%</b>

\* A direct vacancy rate as opposed to an overall vacancy rate (includes sublease space available) is used throughout the revaluation analyses

	<b><u>Full Service Lease Rates</u></b> <b><u>(Asking Rates)</u></b>			<b><u>Operating Expenses*</u></b>		
<b>Market Area</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>
CBD	\$23.85-\$24.85	\$19.25-\$21.50	--	\$9-\$10.50	\$7.50-\$8	\$6.50-\$7.25
I-405	\$22.20-\$23.20	\$19.50-\$21.80	\$18.00-\$19.68	\$7.50-\$9	\$6.75-\$7.25	\$6.50-\$7.25
SR-520	\$21.00-\$22.00	\$18.75-\$20.05	\$18.70-\$19.00	\$7.50-\$9	\$6.75-\$7.75	\$6.50-\$7.25
I-90	\$23.95-\$24.95	\$21.70-\$22.25	--	\$7.50-\$9.50	\$7-\$8	--
Bel-Red-Road Corridor	\$22.35-\$22.95	\$20.10-\$20.90	\$17.10-\$17.93	\$6.50-\$7.50	\$6.25-\$7.25	\$5.50-\$7
Kirkland	\$25.75-\$26.75	\$21.70-\$22.20	\$20-\$21	\$7.50-\$8.25	\$6.50-\$7	\$6.25-\$8
Redmond	\$20.70-\$21.70	\$19.75-\$20.15	--	\$7.25-\$8	\$6.25-\$6.75	--
<b>Total – Eastside</b>	<b>\$20.70-\$26.75</b>	<b>\$18.75-\$22.25</b>	<b>\$17.10-\$21.00</b>	<b>\$6.50-\$10.50</b>	<b>\$6.25-\$8</b>	<b>\$5.50-\$8</b>

\* Operating expenses include property taxes, but do not include leasing commissions or tenant improvements

According to the CB Richard Ellis Fourth Quarter 2005, Puget Sound Office Market Report rates for properties (includes all multi-tenant office buildings 10,000 square feet and greater in size) located in the Auburn, Kent, Renton, Sea-Tac, South Seattle, Tukwila and Federal Way market areas indicate the following:

<b>Submarket South End</b>	<b>Total Vacancy Rate (includes sub-lease)</b>	<b>Direct Asking Lease Rate Class A (full service)</b>	<b>Direct w/sub-lease Asking Lease Rate Class A (full service)</b>
Auburn	4.13%		
Kent	24.48%		
Renton	30.88%		
Sea-Tac	13.58%		
South Seattle	14.76%		
Tukwila	24.34%		
Federal Way	7.22%		
<b>Total South End Vacancy</b>	<b>20.75%</b>	<b>\$19.93</b>	<b>\$19.84</b>

In the “Greater Puget Sound Statistical Summary” for year-end 2005 Cushman & Wakefield breaks out the Direct Vacancy, and the Direct Weighted Average Class A & Class B Rental Rate for the different markets and submarkets.

<b>Market</b>	<b><u>Direct Vacancy</u> Class A <u>Office</u></b>	<b><u>Class A</u> - Direct Wtd. Avg. Lease Rate (FS) (both direct &amp; sublease)</b>	<b><u>Direct Vacancy</u> Class B <u>Office</u></b>	<b><u>Class B</u> - Direct Wtd. Avg. Lease Rate (FS) (both direct &amp; sublease)</b>
<b>KING COUNTY</b>				
<b>SEATTLE CBD</b>	<b>6.9%</b>	<b>\$27.13</b>	<b>14.0%</b>	<b>\$22.10</b>
Financial District	6.2%	\$27.65	16.01	\$22.41
Denny Regrade	8.9%	\$25.13	15.5%	\$24.19
Pioneer Square/Inter. District	0.4%	\$24.75	12.3%	\$19.62
Lower Queen Anne/ Lake Union	9.4%	\$28.02	9.2%	\$20.32
<b>SEATTLE IN-CITY</b>	<b>5.2%</b>	<b>\$22.66</b>	<b>10.5%</b>	<b>\$19.55</b>
North Seattle/Northgate	4.4%	\$23.36	11.1%	\$19.06
East Seattle/Capital Hill	10.8%	\$20.75	9.2%	\$21.00
<b>BELLEVUE CBD</b>	<b>5.5%</b>	<b>\$25.39</b>	<b>9.6%</b>	<b>\$22.09</b>
<b>EASTSIDE SUBURBAN</b>	<b>7%</b>	<b>\$26.28</b>	<b>10.7%</b>	<b>\$21.36</b>
1-90 Corridor	5%	\$25.07	4.6%	\$24.14
Redmond	.05%	\$23.00	26%	\$20.25
Kirkland	20.9%	\$30.71	10.6%	\$22.84
405 Corridor	1.9%	\$23.86	10.2%	\$20.78
520 Corridor	4.8%	\$24.39	15.6%	\$20.62
<b>SOUTHEND</b>	<b>20.4%</b>	<b>\$20.28</b>	<b>26.2%</b>	<b>\$17.35</b>
Seattle Close-in	1.3%	\$16.63	13.5%	\$19.65
Tukwila	18.6%	\$19.44	36.3%	\$17.13
Sea Tac	5.6%	\$22.02	26.6%	\$18.12
Renton	28.7%	\$20.69	23.3%	\$14.62
Kent/Auburn	20.9%	\$19.57	23.5%	\$19.06
<b>FEDERAL WAY</b>	<b>8.7%</b>	<b>\$23.62</b>	<b>26.4%</b>	<b>\$17.97</b>

Officespace.com provides statistics on leased office buildings throughout King County. Submarkets are delineated and broken out into leasing class, number of buildings, direct vacant

square feet, vacancy with sublet, future available square feet, and average asking lease rate. This stratification is useful because it also breaks out the A+ office properties in the Seattle CBD and Bellevue CBD.

The information in the following table is the 4<sup>th</sup> Quarter 2005 statistics from Officespace.com for the Seattle submarkets that was useful in the current revaluation.

<b>Class</b>	<b># Bldgs</b>	<b>Total Sq. Ft.</b>	<b>Direct Vac. SF</b>	<b>Direct Vac.</b>	<b>Sublease SF</b>	<b>Vac. w/ Sublet</b>	<b>Future Vac.</b>	<b>Av. Lease Rate (FS)</b>
<b>Seattle CBD</b>								
<b>A+</b>	7	6,595,876	285,506	<b>4.33%</b>	268,467	8.40%	372,731	<b>\$30.65</b>
<b>A</b>	52	11,368,828	918,568	<b>8.08%</b>	521,133	12.66%	609,052	<b>\$26.10</b>
<b>B</b>	46	4,016,896	488,281	<b>12.16%</b>	15,596	12.54%	76,660	<b>\$21.08</b>
<b>Denny Regrade</b>								
<b>A</b>	17	2,917,396	406,373	<b>13.93%</b>	108,583	17.65%	143,802	<b>\$26.16</b>
<b>B</b>	32	1,182,251	157,465	<b>13.32%</b>	21,208	15.11%	29,995	<b>\$18.62</b>
<b>Lake Union, Univ. &amp; Ballard</b>								
<b>A</b>	53	3,412,006	201,090	<b>5.89%</b>	129,269	9.68%	53,890	<b>\$25.16</b>
<b>B</b>	78	1,924,976	170,362	<b>8.85%</b>	22,185	10%	20,247	<b>\$19.11</b>
<b>Pioneer Square</b>								
<b>A</b>	12	1,415,683	56,292	<b>3.98%</b>	40,287	6.82%	57,740	<b>\$22.53*</b>
<b>B</b>	35	1,594,489	247,413	<b>15.52%</b>	17,218	16.60%	82,542	<b>\$18.10</b>
<b>Queen Anne</b>								
<b>A</b>	8	682,486	30,238	<b>4.43%</b>	24,111	7.96%	1,672	<b>\$23.11</b>
<b>B</b>	19	717,196	102,441	<b>14.28%</b>	36,919	19.43%	6,745	<b>\$19.54</b>
<b>Waterfront</b>								
<b>A</b>	20	2,087,622	219,578	<b>10.52%</b>	50,459	12.94%	7,265	<b>\$27.36</b>
<b>B</b>	24	1,676,382	114,043	<b>6.80%</b>	9,625	7.38%	33,131	<b>\$18.87</b>

\* Pioneer Square average Class A lease rate does not include higher lease rates of the 605, 625, & 705 Union Station Office Bldgs. that did not report min/max lease rates



The information in the following table was the 4<sup>th</sup> Quarter 2005 statistics from Officespace.com for the Bellevue CBD and I-90 submarkets that was useful in the current revaluation.

<b>Class</b>	<b># Bldgs</b>	<b>Total Sq. Ft.</b>	<b>Direct Vac. SF</b>	<b>Direct Vac.</b>	<b>Sublease SF</b>	<b>Vac. w/ Sublet</b>	<b>Future Vac.</b>	<b>Av. Lease Rate (FS)</b>
<b>Bellevue CBD</b>								
<b>A+</b>	8	2,630,484	102,401	<b>3.89%</b>	63,720	6.32%	34,505	\$28.14
<b>A</b>	24	3,197,887	246,884	<b>7.72%</b>	17,768	8.28%	18,900	\$23.38
<b>B</b>	19	494,009	33,385	<b>6.76%</b>	0	6.76%	10,680	\$21.06
<b>I-90</b>								
<b>A</b>	83	5,526,712	225,520	<b>4.08%</b>	78,092	5.49%	213,742	\$23.94
<b>B</b>	33	833,341	73,841	<b>8.86%</b>	7,360	9.74%	17,300	\$22.79

Corporate Real Estate Service Advisors (CRESA) in the 4<sup>th</sup> Qtr 2005 Market Update for Seattle and Bellevue indicate the following average office rental rates.

<b><u>SeattleCBD</u></b>	<b><u>Average Rental Rates</u></b>
Class A	\$21-\$35
Class B	\$16-\$22
<b><u>Seattle Suburban</u></b>	
Class A	\$18 - \$24
Class B	\$15 - \$19
<b><u>Bellevue CBD</u></b>	<b><u>Average Rental Rates</u></b>
Class A	\$26.00
Class B	\$21.75
<b><u>Suburban</u></b>	
Class A	\$22.75
Class B	\$20.00

GVA Kidder Mathews in their Year-End 2005 “Seattle Real Estate Market Review” suggest a forecast for the Seattle CBD and surrounding market area for typical lease rates to be in the range of \$26 to \$35 per sq. ft. (full service) for space in Class “A” buildings and the supply of space available, to slowly decrease during the first half of 2006 and then increase during the second half of the year due as Washington Mutual vacates office space to move into its new headquarters building. This forecast preceded Safeco Corporation’s decision to relocate their

University District employees to the 1001 Fourth Avenue Building and the Second and Seneca Buildings in the Seattle CBD.

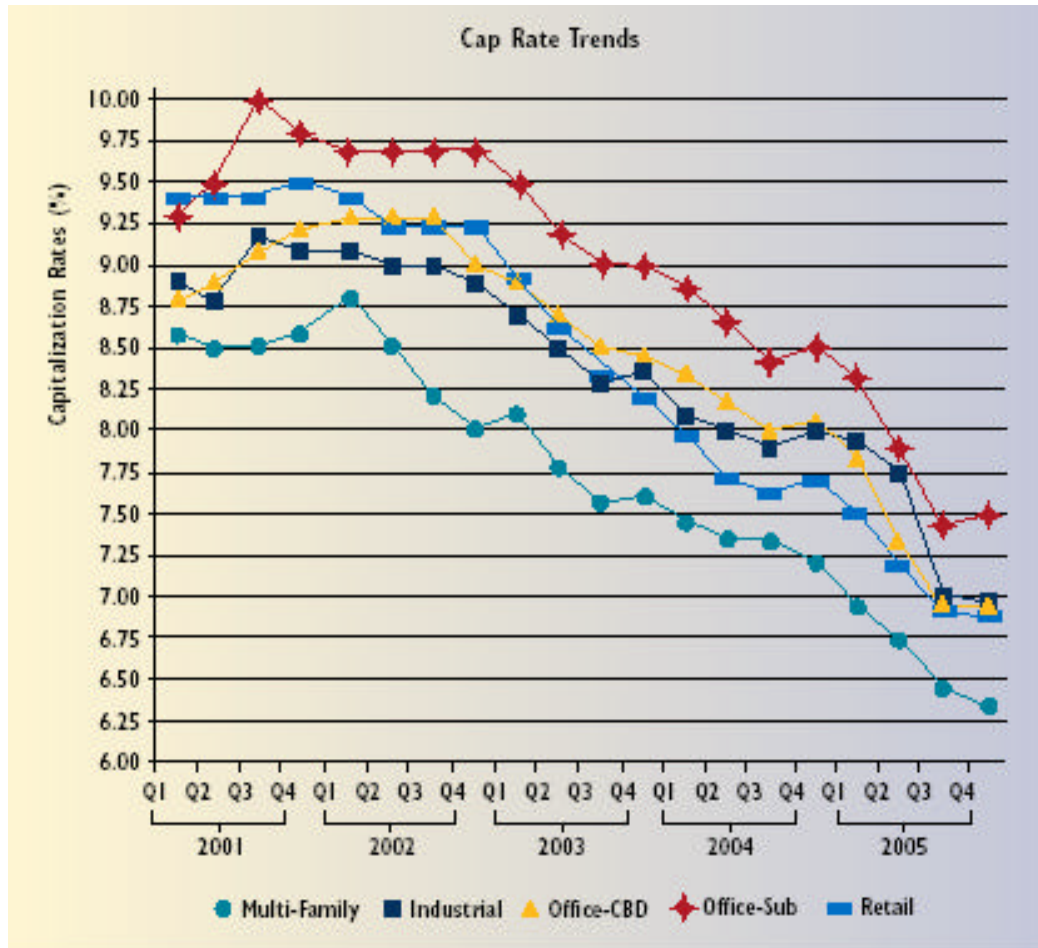
This same forecast suggests fully serviced annual rents to remain between \$25 and \$30 per sq. ft. for Class “A” space in the Bellevue CBD, and \$21 to \$26 for suburban areas.

The South King County office market forecast suggests fully serviced annual lease rates will remain between \$18 and \$22 per sq. ft. for Class “A” space and that the supply of space will remain high.

This report also indicates the 2005 year-end vacancy percentages for the Seattle office market has decreased from 13.8% at the end of 2004 to 11.9%. East King County dropped from 12% at the end of 2004 to 9.1%, and South King County decreased from 19.3% to 17.7%.

A direct vacancy rate assumption as opposed to an overall vacancy rate (overall includes sublease space available) assumption is used throughout the following analyses. The specific “norm” vacancy rate(s) will be indicated below in the brief description of the income parameters utilized in each of the six market segments. Properties which varied significantly from the “norm” rate were treated in a few different ways depending upon their unique situation. Higher capitalization rates and/or higher vacancy rates were recognized for some buildings. If an office property’s situation was deemed far inferior from the “norm” it would be valued via a discounted cash flow analysis thereby allowing recognition of the “extreme” vacancy situation. However, unlike last year when four office properties had vacancy ranging from 94% to 100%, this year all of these properties have achieved substantially higher occupancy.

Colliers US Real Estate Review 2006 indicates that cap rates for all property types continued to decline from the 4<sup>th</sup> qtr of 2004 to the 4<sup>th</sup> qtr of 2005. See graph below.



Source: Real Estate Research Corp.

Following is a list of published office cap rates for both the national, and the Northwest and Seattle Metropolitan office markets:

National Rates	Office Cap						
Source	Date	Location	Type	Range	Average	Remarks	

<b>Real Estate Outlook - Fall 2005</b>	2nd Qtr 2005	National	CBD Office	6 - 7.68	<b>6.84%</b>	Appraisal Institute & Cushman & Wakefield
	2nd Qtr 2005	National	Suburban Office	7.11 - 8.35	<b>7.73%</b>	Appraisal Institute & Cushman & Wakefield
<b>Office Insight Report Mid-Year 2005 - CBRE</b>	2nd Qtr 2005	National	CBD Office		<b>7.10%</b>	Source: Real Capital Analytics Inc.
	2nd Qtr 2005	National	Suburban Office		<b>7.50%</b>	Source: Real Capital Analytics Inc.
<b>Realty Rates.com Mkt Survey</b>	3rd Qtr 2005	National	CBD Office		<b>7.20%</b>	based on 2nd Qtr 05 data - Class A & B buildings
	3rd Qtr 2005	National	Suburban Office		<b>7.70%</b>	based on 2nd Qtr 05 data - Class A & B buildings
<b>Real Estate Research Corp.</b>	3rd Qtr 2005	National	CBD Office		<b>6.90%</b>	RERC / CCIM Investment Trends - 4th Qtr 2005 Report
	3rd Qtr 2005	National	Suburban Office		<b>7.40%</b>	RERC / CCIM Investment Trends - 4th Qtr 2005 Report
<b>RREEF Property Cycle Monitor</b>	3rd Qtr 2005	National	Class A Office		<b>6.80%</b>	Source: Real Capital Analytics & RREEF Research
<b>Korpacz</b>	4th Qtr 2005	National	CBD Office	4.5 - 9.5%	<b>7.35%</b>	from 7.71% one qtr earlier, from 8.40% one yr earlier – <i>based on investors expectations not transactions</i>
	4thst Qtr 2005	National	Suburban Office	5.5 - 10.5%	<b>8.02%</b>	from 8.12% one qtr earlier, from 8.71% one yr earlier
<b>ULI - Emerging Trends in RE 2006</b>	2005	National	Downtown Office		<b>7.00%</b>	deal cap rate from Emerging Trends in RE 2006 survey (ask 6.5 & bid 7.5)
	2005	National	Suburban Office		<b>8.00%</b>	deal cap rate from Emerging Trends in RE 2006 survey (ask 7 & bid 8)
<b>National Office Cap. Rates - <i>continued</i></b>						
<b>Source</b>	<b>Date</b>	<b>Location</b>	<b>Type</b>	<b>Range</b>	<b>Average</b>	<b>Remarks</b>
<b>2005 NAR Profile of R. E. Markets</b>	late 2005	National	CBD Office		<b>6.70%</b>	
	late 2005	National	Suburban Office		<b>7.40%</b>	down from 9% at beginning of 2004

<b>Grubb &amp; Ellis - Capital Market Update</b>	4th Qtr 2005	National	CBD Office		<b>6.45%</b>	down 78 basis points from yr ago - Source - Real Capital Analytics
	4th Qtr 2005	National	Suburban Office		<b>7.29%</b>	down 56 basis points from yr ago - Source - Real Capital Analytics
<b>American Council of Life Insurance (Com. Mortgage Commitments)</b>	4th Qtr 2005 -yr to date	National	Office		<b>7.40%</b>	based on fixed rate loans (729 loans with average loan size of \$14,986,000)
			Office- less than \$2m loan		<b>8.70%</b>	
			Office- \$2m-\$5m		<b>8.30%</b>	
			Office- \$5m-\$15m		<b>8.01%</b>	
			Office- \$15m-\$25m		<b>7.40%</b>	
			Office- \$25m & over		<b>7.10%</b>	
			Office- less than 50,000 SF		<b>7.80%</b>	
			Office- 50,000-100,000 SF		<b>7.60%</b>	
			Office- 100,001-200,000 SF		<b>7.50%</b>	
			Office- more than 200,000 SF		<b>6.90%</b>	
<b>Real Capital Analytics</b>	1 <sup>st</sup> Qtr 2006	National	Medical Office		<b>6.80%</b>	based on 226 medical office bldg sales above \$5 million in value, down 150 basis points from 2004
<b>Seattle Metro Area Office Cap Rates</b>						
<b>Source</b>	<b>Date</b>	<b>Location</b>	<b>Type</b>	<b>Range</b>	<b>Average</b>	<b>Remarks</b>
<b>Real Estate Outlook - Fall 2005</b>	2nd Qtr 2005	Seattle	CBD Office	5.86 - 7.64	<b>6.75%</b>	Appraisal Institute & Cushman & Wakefield

<b>Co-star</b>	1/1/05 to 12/31/05	Eastside	Office		<b>7.36%</b>	37 sales with 84% over \$10m, total \$ volume of \$451,000,000, cap rate down from 7.92 % 1 yr earlier
		Northend	Office		<b>7.77%</b>	36 sales with 52% over \$10m, total \$ volume of \$149,000,000, cap rate down from 8.21% 1 yr earlier
		Seattle	Office		<b>5.78%</b>	38 sales with 90% over \$10m, total \$ volume of \$874,000,000, cap rate down from 7.10% 1 yr earlier
		South End	Office		<b>9.04%</b>	11 sales with only 9% over \$10m, total \$ volume of \$50,000,000, cap rate up from 8.72 1yr earlier
<b>Korpacz</b>	4th Qtr 2005	Pacific NW	CBD Office		<b>8.75%</b>	investor survey - includes all of NW – <i>based on investors expectations not transactions</i>
	4th Qtr 2005	Pacific NW	Suburban Office		<b>9.00%</b>	investor survey - includes all of NW –
<b>Trammell Crow Market Scope</b>	2nd Qtr 2005	West Region	Office		<b>7%</b>	down 100 basis points from 1 yr earlier - average price per transaction was \$72 million
<b>Integra Realty Resources - Viewpoint 2006</b>	1/1/05 to 12/31/05	Seattle	CBD Office		<b>6.50%</b>	going-in cap rate - down from 7% 1 yr earlier
	1/1/05 to 12/31/05	Seattle	Suburban Office		<b>7.50%</b>	going-in cap rate - down from 8.75% 1 yr earlier
<b>Seattle Metro Area Office Cap Rates - Continued</b>						
<b>Source</b>	<b>Date</b>	<b>Location</b>	<b>Type</b>	<b>Range</b>	<b>Average</b>	<b>Remarks</b>

<b>Colliers Global Office R.E. Highlights Yr. End 2005</b>	4th Qtr 2005	Seattle	CBD Office		<b>6.50%</b>	Top Class A Gross Rent \$35 & Net of \$25.70, Class A Gross of \$25.20 & Net of \$15.90
	4th Qtr 2005	Seattle	Suburban Office		<b>6.50%</b>	Top Class A Gross Rent \$28.50 & Net of \$21.20, Class A Gross of \$21.80 & Net of \$14.50
<b>American Council of Life Insurance (Commercial Mortgage Commitments)</b>	4th Qtr 2005 -yr to date	Seattle- Bellevue- Everett	Office		<b>6.60%</b>	based on 15 fixed rate loans with \$319,810,000 total and an average loan size of \$21,321,000

During the sales verification process an attempt is made to ascertain the capitalization rate on the sale or a pro-forma cap rate on the first year performance. Whenever possible information on the occupancy level, lease rates, tenancy terms, and expenses is collected to determine how the sale compares to economic parameters of the market and how the leased fee cap rate compares to a fee simple cap rate.

The following table shows the typical capitalization rates used in the 1/01/2006 revaluation of the properties in the office specialty:

<b>Building Type &amp; Market</b>	<b>Capitalization rate applied *</b>
New Class A+ Seattle & Bellevue offices and offices built in Year 2000 or after	<b>6.75 %</b>
Class A Seattle & Bellevue CBD Offices – (high-rise, mid-rise, low-rise)	<b>7.00% to 7.50%</b>
Suburban Class A Seattle in-close & Eastside	<b>7.50% to 8.00%</b>
Class B Seattle & Bellevue	<b>8.00% to 8.50%</b>
Renovated Class B – Seattle CBD	<b>7.50%</b>
South County A & B	<b>7.75% to 8.50%</b>
Medical Office Buildings	<b>7.00% to 8.00%</b>

\* The range of capitalization rates reflect the building quality and competitiveness with the lower rates applied to the higher quality office buildings. Higher rates are applied to the lesser quality office buildings or to properties that have higher than the normal sub-market vacancy, substantial sub-lease vacancy, or physical issues that require additional capital investment.

The following is a brief description of the income parameters utilized in each of the six market segments:

**North:** Full service lease rates ranged from \$20 - \$34 per square foot of rentable area. Vacancy and collection loss figures used in this area was 5%-10%, expenses \$8.00 - \$10.50/nra and overall capitalization rates were 6.75% to 8%. Values on a price per square foot of rentable area fell in the \$124 - \$367 range.

**Seattle CBD & Adjacent Submarkets:** Values on a price per square foot of rentable area fell in the \$84 - \$373 range. Lease rates ranged from \$16 - \$34 per square foot of rentable area. Vacancy and collection loss figures used in this area ranged from 5% - 20% with the majority typically being 8% – 12%, expenses ranged from \$7.50 - \$10.50/nra and overall rates ranged from 6.75% - 9% with the majority typically being 7% - 8%. A few properties included consideration of income from retail rents. This was considered for properties where the retail space represented approximately 5% or more of total NRA. The retail lease rate range utilized was \$20 - \$40/nra, triple net rent. The vacancy and collection loss figure for retail space ranged from 5% - 10% and the triple net expense rate was 5%. Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. The Parking Inventory for Seattle and Bellevue 2004 prepared by the Puget Sound Regional Council was utilized as a basis for establishing parking and occupancy rates in the various neighborhoods in Downtown Seattle and Downtown Bellevue (the 2006 Parking Inventory will not be available until the 3<sup>rd</sup> Quarter of 2006). No turnaround on the daily spaces was recognized. A parking expense rate of 10 – 25% was applied to parking income to arrive at a net parking income contribution figure. An



expense survey by the Seattle CBD geo-appraiser indicates that the older stand-alone parking garages incur higher expenses.

The following is a description of the parking income parameters used in the income approach to valuation for Downtown Seattle properties.

Seattle CBD			
Neighborhood	Daily Rate	Monthly Rate	Occupancy
1	\$10.38	n.a.	33.2%
2	\$14.21	\$130.71	67.4%
3	\$11.73	\$163.11	73.0%
4	\$18.96	\$235.80	68.4%
5	\$22.99	\$259.84	75.0%
6	\$15.11	\$177.92	66.4%
7	\$17.21	\$229.45	74.2%
8	\$18.69	\$239.79	64.8%
9	\$9.95	\$169.91	62.2%
10	\$10.52	\$76.08	68.4%
11	\$9.94	n/a	67.2%
12	\$12.62	\$165.20	55.7%
13	\$12.95	\$117.35	70.6%
Lower Queen Anne			
Neighborhood	Daily Rate	Monthly Rate	Occupancy
17	\$6.32	\$114.68	58.4%
18	\$5.88	\$47.34	33.4%
19	\$7.90	\$96.19	50.5%

**Bellevue CBD:** Values on a price per square foot of net rentable area fell in the \$137 - \$308 range. Lease rates ranged from \$20 - \$30 per square foot of rentable area, with the majority of rents falling in the \$22 - \$25 per square foot range. One property included consideration of income from retail rents. The retail lease rate utilized was \$25/nra, triple net rent with a 10 % vacancy and collection loss assumption and operating expenses of 5%. It is unusual for office buildings in this segment to have significant retail space included. Vacancy and collection loss figures used in this area were 7% - 12%, expenses ranged from \$8 - \$10/nra and overall rates ranged from 6.75% - 8.25% with most at 7% - 7.5%.

Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. The Parking Inventory for Seattle and Bellevue 2004 prepared by the Puget Sound Regional Council was utilized as a basis for establishing parking and occupancy rates in the various neighborhoods in Downtown Seattle and Downtown Bellevue. No turnaround on the daily spaces was

recognized. A parking expense rate of 10% was applied to parking income to arrive at a net parking income contribution figure.

Bellevue CBD			
Neighborhood	Daily Rate	Monthly Rate	Occupancy
1	\$13.07	\$134.13	50.9%
2	\$13.07	\$134.13	26.2%
3	\$13.07	\$134.13	37.7%
4	\$13.07	\$134.13	56.1%
5	\$13.07	\$134.13	50.8%
6	\$13.07	\$134.13	37.5%
7	\$13.07	\$134.13	63.8%

**Suburban Eastside:** Lease rates ranged from \$20 - \$30 per square foot of net rentable area, with the majority of rents falling in the \$22 - \$24 per square foot range. Vacancy and collection loss figures used in this area were 5% - 10%, and expenses \$7.50 - \$10.00/nra with the majority falling in the \$8 - \$8.50 range. Overall rates were 7.5% - 8%. Parking was not analyzed as an additional income contributor as parking is generally included at no charge. Values on a price per square foot of net rentable area fell in the \$131 - \$239 range.

**South End:** Renton, Tukwila, Southcenter, Kent, SeaTac, and Federal Way - Lease rates ranged from \$18 - \$26 per square foot of rentable area with the majority at \$19 - \$21. Vacancy and collection loss figures used in this area were 10% - 20% with the majority at 10%. Expenses in the Southend submarkets were \$6.50 - \$8.00. Overall rates in the Southend were 7.75% - 9.5% with most at 7.75 to 8.5%. In general, values on a price per square foot of net rentable in the South County office market fell in the \$83 - \$210 range.

**Medical Office Buildings:** Values on a price per square foot of net rentable area fell in the \$129 - \$298 range. Full service lease rates ranged from \$20 - \$32 per square foot of net rentable area with most at \$28 - \$32 per square foot rentable. Vacancy and collection loss figures in this segment were 5% - 20% with most valued at 5 - 10%, and expenses ranged from \$9.50 - \$11.50/nra. Overall rates ranged from 7% - 8%. Parking income contributions were included depending upon the location of the property. Downtown Seattle, First Hill and the University District locations included recognition of this income. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated

as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. The Parking Inventory for Seattle and Bellevue 2004 prepared by the Puget Sound Regional Council was utilized as a basis for establishing parking rates in the various neighborhoods in Downtown Seattle and Downtown Bellevue. A parking expense rate of 10% was applied to parking income to arrive at a net parking income contribution figure.

First Hill			
<u>Neighborhood</u>	<u>Daily Rate</u>	<u>Monthly Rate</u>	<u>Occupancy</u>
14	\$15.53	\$188.76	72.8%
15	\$13.63	\$147.74	83.7%
16	\$9.96	\$103.48	73.1%
University District			
<u>Neighborhood</u>	<u>Daily Rate</u>	<u>Monthly Rate</u>	<u>Occupancy</u>
1	\$5.22	\$68.23	63.3%
2	\$7.75	\$78.00	62.4%
3	\$8.33	n.a.	56.9%
4	\$7.00	\$65.44	44.1%

***Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.***

Each parcel was individually reviewed by the specialty appraiser for correctness of the model application before the final value was selected. The income approach to valuation is given greatest weight in the final analysis due to the information available.

## **Model Validation**

***Total Value Conclusions, Recommendations and Validation:***

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

Application of the total value model described above results in the following standard statistical measures of valuation performance and uniformity: the C.O.D. is 10.93%, the C.O.V. is 14.55%, and the P.R.D is 1.05. In addition, the resulting assessment level improved from 70.2% to 88.2 %. These measures all indicate an improvement with the exception of the Price-related Differential which did not change. They are presented in the 2006 Ratio Analysis chart included in this report. As discussed, some of the sales exhibit a significant value difference between the leased fee and the fee simple interests due to rental rates in place that are higher than current prevailing rates. Therefore the ratio analysis of sales should not be considered a completely reliable gage of assessment performance.

Application of these recommended values for the 2006 assessment year (taxes payable in 2007) results in a total change from the 2005 assessments of +18.87 %. This increase is due to upward market changes over 2005, previous assessment levels, and new construction. The total assessed value for the 2005 assessment year was \$8,370,078,273 and the total recommended assessed value for the 2006 assessment year is \$9,949,828,519.

## Improved Sales for Area 280 Used

### BELLEVUE CBD SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP NRA /	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	322505	9134	147,384	2011300	\$29,106,000	12/24/03	\$194	LINCOLN PLAZA	OLB	1	2	Microsoft net lease of 89% of space until 1/31/06 -not occupied
080	322505	9220	71,738	1942945	\$11,730,000	03/03/03	\$163	400 BUILDING	CBD-01	1	2	NOT IN SPECIALTY (too small); not in ratio study
280	292505	9271	480,392	2050929	\$134,083,573	06/19/04	\$279	112 <sup>th</sup> @ 12th	CBD-OLB	1	2	13% vacant at sale with most of space under negotiation at sale
280	154410	0320	305,800	2110979	\$140,246,000	03/28/05	\$459	CIVICA OFFICE COMMONS	CBD-MU	1	2	0% vacancy, average lease rate in place of \$39/sf, mostly 710 yr leases
280	322505	9134	147,384	2133288	\$38,488,580	06/24/05	\$260	LINCOLN PLAZA	OLB	1	2	1% vacancy with 30,000 SF of Microsoft sublease rollover in 1/06, \$16 NNN asking rates
80	154410	0323	93,958	2123535	\$22,150,000	05/17/05	\$231	KEY BANK BLDG.	CBDO2	1	2	NOT IN SPECIALTY (too small) 24% vacant at sale, \$22-26 asking rates
280	322505	9016	408,460	2183749	\$129,778,102	01/26/06	\$318	SKYLINE TOWER	CBDO1	1	2	7% vacant on 1/01/06, \$28.50 - \$32.50 asking rates

Verification Code # 2 indicates a market sale

## **SUBURBAN EASTSIDE SALES**

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP NRA /	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	222406	9044	157,546	2008304	\$29,950,000	12/11/03	\$190	EASTPOINTE CORPORATE CENTER	R	1	2	Boeing net lease of until 6/30/06
85	246540	0080	70,019	2074876	\$16,270,000	10/05/04	\$232	LAKE WASHINGTON PARK	PR3.6	1	2	unobstructed view location, 43% occupied at time of sale, NOT IN SPECIALTY (too small);
75	128362	0010	141,590	2121826	\$27,550,000	05/10/05	\$195	EASTGATE OFFICE PARK III & IV	OLB	1	2	10-15% vacancy at sale, \$15-17 NNN asking rates, multiple bldgs under office specialty size – NOT IN RATIO STUDY
280	531510	1015	152,493	2177485	\$39,550,000	12/22/05	\$259	FARMERS NEW WORLD LIFE INSURANCE CO.	TC	1	2	NOT IN RATIO STUDY - Leaseback to seller for 15 yrs
280	697920	0050	193,454	2179635	\$45,345,000	12/22/05	\$234	PLAZA at NORTH CREEK BLDGS.	MU	1	2	NOT IN RATIO STUDY – leaseback of 47% of SF to seller thru 2015

Verification Code # 2 indicates a market sale

## SOUTHEND SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP NRA /	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	012204	9012	218,586	1861777	\$30,354,820	01/04/02	\$138	CENTER POINT CORPORATE PARK - CREEKSIDE	M1	1	2	NOT IN RATIO STUDY - sale before 2003-2006 period
280	012204	9110	436,170	2010783	\$54,193,760	12/22/03	\$124	CENTER POINT - ATRUIM, CASCADE EAST, WEST BLDGS.	M1	2	2	Three mid-rise offices and retail portion seg'd after sale - NOT IN RATIO STUDY
280	334040	3341	238,140	2021364	\$10,000,000	02/27/04	\$42	EAST VALLEY OFFICE CENTER I & II (LANDMARK EAST & WEST)	CO	3	2	Flashcube" Bldgs.- vacant 2 yrs - renovation of West Bldg since sale NOT IN RATIO STUDY
55	926501	0130	46,984	2023068	\$8,300,000	03/09/04	\$177	ABAM BUILDING	OP	1	2	NOT IN SPECIALTY (too small),
55	926504	0160	47,347	1932205	\$5,450,000	01/03/03	\$115	WASHINGTON PARK I	OP	1	2	NOT IN SPECIALTY (too small)
55	797820	0535	65,067	2083203	\$15,560,000	11/12/04	\$239.14	FEDERAL WAY CENTER	CC	1	2	NOT IN SPECIALTY (too small)
280	926500	0060	100,140	2177513	\$11,172,000	12/23/05	\$112	WEST CAMPUS BLDG.	MP	1	2	Seller was sole occupant and will lease back for 1 yr at \$12.50 Net - then 100% vacant
280	334040	3320 3340 3441	273,903	2186102	\$31,207,243	02/21/06	\$114	LANDMARK EAST & WEST BLDGS.	CO	3	2	West Bldg renovated with 25% vac and \$10-12 N leases in place, East is vacant with \$14.50-\$15 N asking rates
280	192305	9076 9013 9095	269,247	2197871	\$46,995,000	04/06/06	\$175	SOUTHGATE OFFICE PLAZA I & II		3	2	100% leased at sale with buyer/tenant expanding by 49,000 SF, \$21 - \$22 asking

Verification Code # 2 indicates a market sale

## SEATTLE CBD SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP NRA /	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	553050	0010	199,736	1963105	\$64,750,000	06/02/03	\$324	MILLENNIUM TOWER	DOC 2/240	1	2	sold fully occupied with actual rents in \$42/sf range
280	534290	0010	309,400	1966211	\$89,474,954	06/13/03	\$289	ONE CONVENTION PLACE	DOC 1/450	2	2	10% vacant, long-term leases in place
280	880790	0130	192,733	1996942	\$29,950,000	10/23/03	\$155	WEST LAKE UNION CENTER	C2-65	1	2	33% vacant
280	069700	0235	237,162	2037591	\$32,999,000	05/10/04	\$139	BLANCHARD PLAZA	DMC 240	1	2	16% vacant
280	224950	0235 0490	206,142	2067223	\$63,980,000	09/01/04	\$310	1000 & 1100 DEXTER BLDGS.	C2-65	5	2	95% leased at sale
280	094200	0365	536,944	2077649	\$100,729,853	10/19/04	\$187	UNION BANK OF CALIFORNIA BLDG	DOC1-450	1	2	26% direct vacancy at time of sale,
280	197520	0005	167,534	2085380	\$19,179,793	11/22/04	\$114	SEATTLE TOWER	DOC1-450	1	2	16% vacant at time of sale,
280	094200	0345	845,533	2092558	\$340,745,187	12/27/04	\$403	IDX TOWER	DOC1-450	5	2	96% leased, mix of high, long-term leases & current mkt leases in place at time of sale
280	210770	0210	100,082	2092491	\$29,000,000	12/27/04	\$290	1551 EASTLAKE	IG1 -U/45	1	2	100% occupied by single tenant – buyer may convert to biotech when lease ends
280	093900	0335	295,515	2100265	\$52,450,000	02/07/05	\$177	EXCHANGE BLDG	DOC2-240	1	2	11 % vac, \$5m renov.
280	763420	0005	707,949	2119412	\$162,809,049	04/29/05	\$230	1001 FOURTH AVENUE BLDG.	DOC1-450	1	2	12% vac at sale, 44% at end of 05, buyer to spend \$30m renovating
280	919590	0010	174,812	2121778	\$41,999,000	05/10/05	\$240	WATERFRONT PLACE	DMC 160	1	2	25% vacant at sale, \$22-26 rates at sale
Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP NRA /	Property Name	Zone	Par. Ct.	Ver. Code	Remarks



30	197720	0020	97,701	2144483	\$23,646,550	08/04/05	\$242	FIRST & STEWART	DMC 125	1	2	26% vacant at sale, not in specialty (too small)
280	197670	0185	310,628	2163231 2163234	\$81,829,254	10/20/05	\$263	PARK PLACE	DOC1 U/450U	1	2	18.5% vacant at sale, \$24.50 asking rate, por of 4 bldg sale
280	066000	2054	339,868	2163227	\$87,890,465	10/20/05	\$259	METROPOLITAN PARK WEST	DMC 340/290-400	1	2	6% vacant at sale, \$25-27 asking rates, por of 4 bldg sale
280	066000	2410	363,727	2163222	\$94,973,695	10/20/05	\$261	METROPOLITAN PARK WEST	DMC 340/290-400	1	2	19% vacant at sale, \$25-27 asking rates, por of 4 bldg sale
280	066000	2381	185,760	2163216	\$79,898,612	10/20/05	\$430	METROPOLITAN PARK NORTH	DMC 240/290-400	1	2	100% occupied, \$27.50 N asking rate, por of 4 bldg sale
280	766620	2133 2110 2080	298,236	2176032	\$117,125,000	12/16/05	\$393	ELLIOTT WEST BLDGS	IC - 45	3	2	100% leased at sale, long term NNN leases in place
280	065900	0305	286,437	2184142	\$83,675,000	02/03/06	\$292	720 OLIVE WAY	DOC 2 500/300-500	1	2	20% vacant at sale, \$23-27 asking rates
280	069700	0235	237,162	2195629	\$61,325,000	03/29/06	\$259	BLANCHARD PLAZA	DMC 340/290-400	1	2	10% vacant at sale, \$22.50 - 26 asking rates
280	066000	2381	185,760	2195412	\$88,429,000	03/28/06	\$476	METROPOLITAN PARK NORTH	DMC 240/290-400	1	2	100% leased, \$27.50 NNN asking rates, high parking income
280	093900	0060	248,481	2198041	\$42,827,120	04/06/06	\$167	SMITH TOWER	PSM -100	1	2	13% vacant at sale, \$22-28 asking rates, \$20,000,000 seismic & upgrades in 2000
280	766620	6895	204,504	2197584	\$26,687,546	04/04/06	\$140	83 KING STREET	Psm-85-120	1	2	97% leased at sale, \$18-23 asking rates, buyer leased 45,000 SF prior to sale
280	197570	0340	121,075	2199035	\$23,098,000	04/12/06	\$191	JOSEPH VANCE & STERLING BLDGS	DRC 85-150	1	2	20% office vac at sale, retail fully leased \$17-22 office asking rates, \$20-45 NNN retail

## NORTHEND SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
010	292604	9490	83,361	2026413	\$11,996,023	03/25/04	\$144	NORTHWAY SQUARE WEST BLDG.	C1-85	1	2	NOT IN SPECIALTY (too small)
280	197320	0385 0387	297,228	2090121	\$65,751,000	12/15/04	\$221	ADOBE & PLAZA BLDGS	IC-65	2	2	sale does not include land – not in ratio study
280	114200	0530 0550	223,216	2156275	\$94,500,000	09/03/05	\$423	ROOSEVELT COMMONS	NC3 85	2	2	99% leased at sale to 2 tenants, long- term NNN leases in place

Verification Code # 2 indicates a market sale

## MEDICAL OFFICE BUILDINGS

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	197820	0625	251,903	2090796	\$58,879,628	12/14/04	\$234	1101 MADISON TOWER	M10-70- NC3-160	1	2	98% occupied, sale <b>does not</b> <b>include 1d, not</b> <b>in ratio study</b>
280	219760	0250	130,864	2090807	\$31,500,000	12/14/04	\$241	600 BROADWAY MEDICAL CENTER	M10-85- NC3-85	1	2	86% occupied, sale <b>does not</b> <b>include 1d, not</b> <b>in ratio study</b>
280	065900	0085	292,000	2143751	\$38,488,750	08/01/2005	\$132	MEDICAL DENTAL BLDG		1	2	75% leased at sale, \$16-24 med, \$45-55 NNN retail

Verification Code # 2 indicates a market sale

### Improved Sales for Area 280 Not Used

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP/ NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	094200	0365	475,000	2077648	\$20,000,000	10/19/04	\$42.11	BANK OF CALIFORNIA BLDG	DOC1-45	1	22	Partial interest-sale amount included with other sale for total of \$100,729,853
280	197520	0015	150,055	2112048	\$21,000,000	03/29/05	\$139.95	SEATTLE TELECOM - 1200 3RD AVENUE	DOC1-45	1	13	REO sale from lending institution
280	197720	0187	314,784	1961444	\$5,000	05/23/03	\$0.02	WORLD TRADE CENTER EAST	DH2/85	7	18	Quit claim deed
280	093900	0080	123,111	2145812	\$8,500,000	08/09/05	\$69.04	ALASKA BLDG	PSM-100	1	16	Government agency
280	197670	0185	310,628	2163234	\$3,502,292	10/20/05	\$11.27	PARK PLACE OFFICE BLDG	DOC1-45	1	22	Partial interest - sale amount included with other sale for total of \$81,829,254
280	197720	0280	119,014	2210573	\$55,994,400	05/31/06	\$470.49	MARKET PLACE ONE & TWO (MI 0285)	PMM-85	1		After sales period used in 06 valuation

*Sales Ratio Study using 1/1/05 Assessed Values*

<b>Quadrant/Crew:</b> <b>Central Crew</b>	<b>Lien Date:</b> <b>1/1/2005</b>	<b>Date:</b> <b>6/13/2006</b>	<b>Sales Dates:</b> <b>6/02/03 - 4/12/06</b>																								
<b>Area</b> <b>280 - Offices</b>	<b>Appr ID:</b> <b>DMAR</b>	<b>Prop Type:</b> <b>Improvement</b>	<b>Trend used?: Y / N</b> <b>N</b>																								
<b>SAMPLE STATISTICS</b>		<div><p>Ratio Frequency</p><table><caption>Ratio Frequency Data</caption><thead><tr><th>Ratio Range</th><th>Frequency</th></tr></thead><tbody><tr><td>0.4 - 0.5</td><td>2</td></tr><tr><td>0.5 - 0.6</td><td>3</td></tr><tr><td>0.6 - 0.7</td><td>7</td></tr><tr><td>0.7 - 0.8</td><td>5</td></tr><tr><td>0.8 - 0.9</td><td>2</td></tr><tr><td>0.9 - 1.0</td><td>7</td></tr><tr><td>1.0 - 1.1</td><td>6</td></tr><tr><td>1.1 - 1.2</td><td>0</td></tr><tr><td>1.2 - 1.3</td><td>1</td></tr><tr><td>1.3 - 1.4</td><td>1</td></tr><tr><td>1.4 - 1.5</td><td>0</td></tr></tbody></table></div>		Ratio Range	Frequency	0.4 - 0.5	2	0.5 - 0.6	3	0.6 - 0.7	7	0.7 - 0.8	5	0.8 - 0.9	2	0.9 - 1.0	7	1.0 - 1.1	6	1.1 - 1.2	0	1.2 - 1.3	1	1.3 - 1.4	1	1.4 - 1.5	0
Ratio Range	Frequency																										
0.4 - 0.5	2																										
0.5 - 0.6	3																										
0.6 - 0.7	7																										
0.7 - 0.8	5																										
0.8 - 0.9	2																										
0.9 - 1.0	7																										
1.0 - 1.1	6																										
1.1 - 1.2	0																										
1.2 - 1.3	1																										
1.3 - 1.4	1																										
1.4 - 1.5	0																										
<b>Sample size (n)</b>	34																										
<b>Mean Assessed Value</b>	52,451,500																										
<b>Mean Sales Price</b>	74,760,100																										
<b>Standard Deviation AV</b>	47,541,420																										
<b>Standard Deviation SP</b>	61,170,287																										
<b>ASSESSMENT LEVEL</b>																											
<b>Arithmetic mean ratio</b>	0.735																										
<b>Median Ratio</b>	0.689																										
<b>Weighted Mean Ratio</b>	0.702																										
<b>UNIFORMITY</b>																											
<b>Lowest ratio</b>	0.3745																										
<b>Highest ratio:</b>	1.3513																										
<b>Coeffient of Dispersion</b>	27.14%																										
<b>Standard Deviation</b>	0.2236																										
<b>Coefficient of Variation</b>	30.40%																										
<b>Price-related Differential</b>	1.05																										
<b>RELIABILITY</b>																											
<b>95% Confidence: Median</b>																											
<b>Lower limit</b>	0.569																										
<b>Upper limit</b>	0.869																										
<b>95% Confidence: Mean</b>																											
<b>Lower limit</b>	0.660																										
<b>Upper limit</b>	0.811																										
<b>SAMPLE SIZE EVALUATION</b>																											
<b>N (population size)</b>	198																										
<b>B (acceptable error - in decimal)</b>	0.05																										
<b>S (estimated from this sample)</b>	0.2236																										
<b>Recommended minimum:</b>	57																										
<b>Actual sample size:</b>	34																										
<b>Conclusion:</b>																											
<b>NORMALITY</b>																											
<b>Binomial Test</b>																											
<b># ratios below mean:</b>	18																										
<b># ratios above mean:</b>	16																										
<b>z:</b>	0.171498585																										
<b>Conclusion:</b>	<b>Normal*</b>																										
*i.e., no evidence of non-normality																											

These figures reflect the 1-01-05 assessment as compared with the current market.

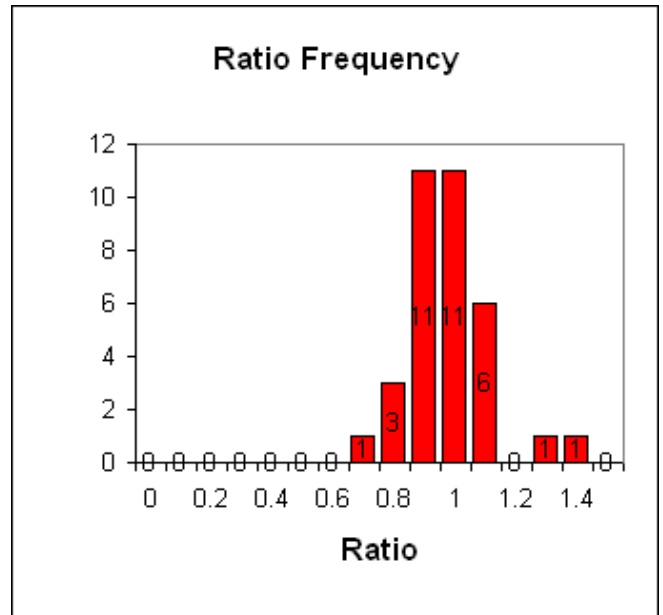
These figures reflect the 1-01-05 assessment as compared with the current market.

<b>Parcel Number</b>	<b>Assessed Value</b>	<b>Sale Price</b>	<b>Sale Date</b>	<b>Ratio</b>	<b>Diff: Median</b>
065900-0085	25,671,100	38,488,750	8/1/2005	0.6670	0.0217
065900-0305	43,601,900	83,650,000	1/31/2006	0.5212	0.1675
066000-2054	50,005,000	87,890,465	10/20/2005	0.5689	0.1198
066000-2381	43,474,700	79,898,612	10/20/2005	0.5441	0.1446
066000-2381	43,474,700	88,429,000	3/28/2006	0.4916	0.1971
066000-2410	42,967,200	94,973,695	10/20/2005	0.4524	0.2363
069700-0235	31,423,700	32,999,000	5/10/2004	0.9523	0.2636
069700-0235	31,423,700	61,324,000	3/29/2006	0.5124	0.1763
093900-0060	24,356,100	42,827,120	4/5/2006	0.5687	0.1200
093900-0335	46,452,300	52,450,000	2/7/2005	0.8856	0.1970
094200-0300	138,468,600	162,809,050	4/29/2005	0.8505	0.1618
094200-0325	265,221,700	340,745,187	12/21/2004	0.7784	0.0897
094200-0365	96,340,600	100,729,853	10/19/2004	0.9564	0.2677
114200-0550	37,698,200	94,500,000	9/21/2005	0.3989	0.2898
154410-0320	88,699,100	140,246,000	3/28/2005	0.6325	0.0562
192305-9013	31,166,800	46,995,000	4/5/2006	0.6632	0.0255
197520-0005	18,563,400	19,179,793	11/22/2004	0.9679	0.2792
197570-0340	15,088,800	23,098,000	4/12/2006	0.6533	0.0354
197670-0185	45,664,700	81,829,254	10/20/2005	0.5580	0.1306
210770-0210	25,199,200	29,000,000	12/27/2004	0.8689	0.1802
222406-9044	29,192,300	29,950,000	12/11/2003	0.9747	0.2860
224950-0490	55,585,243	63,980,000	9/1/2004	0.8688	0.1801
292505-9271	112,359,600	134,083,573	6/29/2004	0.8380	0.1493
322505-9016	74,462,400	129,778,102	1/26/2006	0.5738	0.1149
322505-9134	25,169,000	29,106,000	12/24/2003	0.8647	0.1760
322505-9134	25,169,000	38,488,580	6/24/2005	0.6539	0.0348
334040-3341	11,688,000	31,207,243	2/9/2006	0.3745	0.3142
534290-0010	82,968,100	89,474,954	6/13/2003	0.9273	0.2386
553050-0010	61,061,000	64,750,000	6/2/2003	0.9430	0.2543
766620-2080	57,328,000	117,125,000	12/16/2005	0.4895	0.1992
766620-6895	20,380,200	28,687,546	4/4/2006	0.7104	0.0217
880790-0130	33,754,600	29,950,000	10/23/2003	1.1270	0.4383
919590-0010	34,138,900	41,999,000	5/10/2005	0.8129	0.1242
926500-0060	15,134,700	11,200,000	12/23/2005	1.3547	0.6660

**Sales Ratio Study Using 1/01/06 Recommended Assessed Values**

<b>Quadrant/Crew:</b> <b>Central Crew</b>	<b>Lien Date:</b> <b>1/1/2006</b>	<b>Date:</b> <b>6/13/2006</b>	<b>Sales Dates:</b> <b>6/02/03 - 4/12/06</b>
<b>Area</b> <b>280 - Offices</b>	<b>Appr ID:</b> <b>DMAR</b>	<b>Prop Type:</b> <b>Improvement</b>	<b>Trend used?: Y / N</b> <b>N</b>

<b>SAMPLE STATISTICS</b>	
<i>Sample size (n)</i>	34
<i>Mean Assessed Value</i>	65,911,500
<i>Mean Sales Price</i>	74,760,100
<i>Standard Deviation AV</i>	50,669,777
<i>Standard Deviation SP</i>	61,170,287
<b>ASSESSMENT LEVEL</b>	
<i>Arithmetic mean ratio</i>	0.924
<i>Median Ratio</i>	0.913
<i>Weighted Mean Ratio</i>	0.882
<b>UNIFORMITY</b>	
<i>Lowest ratio</i>	0.6709
<i>Highest ratio:</i>	1.3213
<i>Coefficient of Dispersion</i>	10.93%
<i>Standard Deviation</i>	0.1345
<i>Coefficient of Variation</i>	14.55%
<i>Price-related Differential</i>	1.05
<b>RELIABILITY</b>	
<b>95% Confidence: Median</b>	
<i>Lower limit</i>	0.845
<i>Upper limit</i>	0.979
<b>95% Confidence: Mean</b>	
<i>Lower limit</i>	0.879
<i>Upper limit</i>	0.969
<b>SAMPLE SIZE EVALUATION</b>	
<i>N (population size)</i>	198
<i>B (acceptable error - in decimal)</i>	0.05
<i>S (estimated from this sample)</i>	0.1345
<b>Recommended minimum:</b>	25
<i>Actual sample size:</i>	34
<b>Conclusion:</b>	OK
<b>NORMALITY</b>	
<b>Binomial Test</b>	
<i># ratios below mean:</i>	18
<i># ratios above mean:</i>	16
<i>z:</i>	0.171498585
<b>Conclusion:</b>	<b>Normal*</b>
<i>*i.e., no evidence of non-normality</i>	



These figures reflect the 1-01-06 assessment as compared with the current market. All the sales that were leased reflect the leased fee. Some of these sales may exhibit a significant value difference between the leased fee and the fee simple interests due to the rental rates in place being higher than the current prevailing rates. These leased fee sale prices reflects a "better than typical" financial situation than the current parameters used by the assessor to value the fee simple interest.

<b>Parcel Number</b>	<b>Assessed Value</b>	<b>Sale Price</b>	<b>Sale Date</b>	<b>Ratio</b>	<b>Diff: Median</b>
065900-0085	37,665,000	38,488,750	8/1/2005	0.9786	0.0652
065900-0305	63,176,300	83,650,000	1/31/2006	0.7552	0.1582
066000-2054	72,885,700	87,890,465	10/20/2005	0.8293	0.0841
066000-2381	69,279,700	79,898,612	10/20/2005	0.8671	0.0463
066000-2381	69,279,700	88,429,000	3/28/2006	0.7834	0.1300
066000-2410	80,223,000	94,973,695	10/20/2005	0.8447	0.0687
069700-0235	43,603,100	32,999,000	5/10/2004	1.3213	0.4079
069700-0235	43,603,100	61,324,000	3/29/2006	0.7110	0.2024
093900-0060	39,159,000	42,827,120	4/5/2006	0.9144	0.0009
093900-0335	50,721,800	52,450,000	2/7/2005	0.9671	0.0536
094200-0300	161,103,600	162,809,050	4/29/2005	0.9895	0.0761
094200-0325	283,527,500	340,745,187	12/21/2004	0.8321	0.0813
094200-0365	101,599,700	100,729,853	10/19/2004	1.0086	0.0952
114200-0550	81,861,400	94,500,000	9/21/2005	0.8663	0.0472
154410-0320	94,096,100	140,246,000	3/28/2005	0.6709	0.2425
192305-9013	43,772,000	46,995,000	4/5/2006	0.9314	0.0180
197520-0005	20,770,700	19,179,793	11/22/2004	1.0829	0.1695
197570-0340	21,360,200	23,098,000	4/12/2006	0.9248	0.0114
197670-0185	68,833,900	81,829,254	10/20/2005	0.8412	0.0722
210770-0210	28,308,900	29,000,000	12/27/2004	0.9762	0.0628
222406-9044	31,016,800	29,950,000	12/11/2003	1.0356	0.1222
224950-0490	58,236,500	63,980,000	9/1/2004	0.9102	0.0032
292505-9271	118,371,400	134,083,573	6/29/2004	0.8828	0.0306
322505-9016	105,050,700	129,778,102	1/26/2006	0.8095	0.1039
322505-9134	31,134,000	29,106,000	12/24/2003	1.0697	0.1563
322505-9134	31,134,000	38,488,580	6/24/2005	0.8089	0.1045
334040-3341	29,370,200	31,207,243	2/9/2006	0.9411	0.0277
534290-0010	88,791,200	89,474,954	6/13/2003	0.9924	0.0789
553050-0010	65,120,800	64,750,000	6/2/2003	1.0057	0.0923
766620-2080	96,713,600	117,125,000	12/16/2005	0.8257	0.0877
766620-6895	26,176,500	28,687,546	4/4/2006	0.9125	0.0009
880790-0130	37,263,500	29,950,000	10/23/2003	1.2442	0.3308
919590-0010	36,285,800	41,999,000	5/10/2005	0.8640	0.0494
926500-0060	11,494,900	11,200,000	12/23/2005	0.9982	0.0847